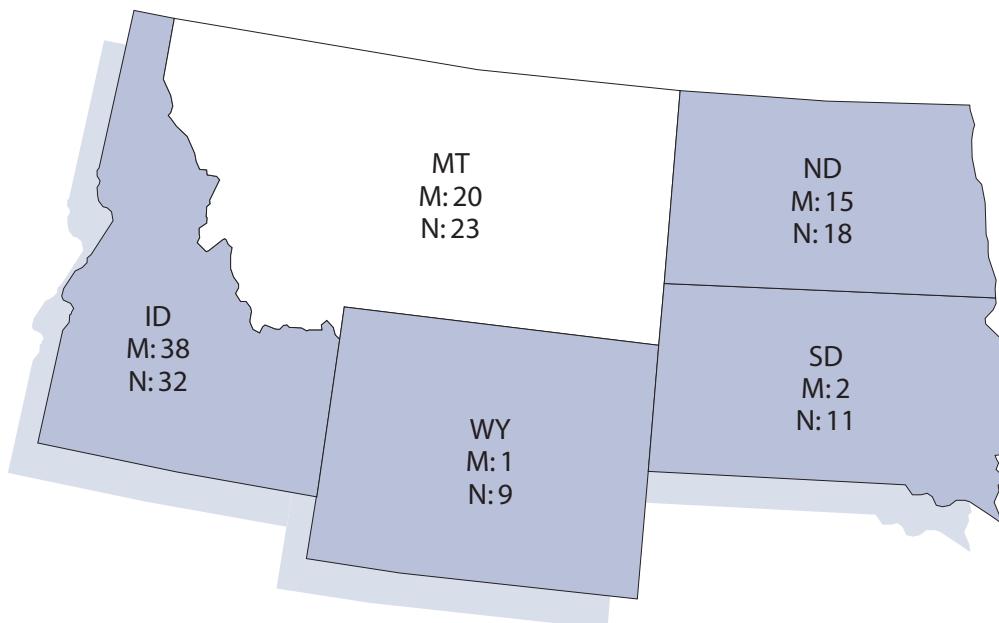


M = Rank for mature firms  
N = Rank for new firms



Montana ranks 20th overall for mature operations and 23rd overall for newly established operations. Specifically:

- Montana ranks third for mature corporate headquarters, with a tax burden nearly 40 percent below the national average. The lack of a state sales tax is one of the contributing factors in this top ranking. The operation also has a modest income tax burden due to the state's relatively low 6.75 percent corporate tax rate and three-factor apportionment formula.
- Montana has no sales tax, which is an obvious benefit to retailers. Thus, the state ranks 10th for both mature and new retail establishments. The lack of a sales tax also reduces the tax cost of purchasing equipment and machinery.
- Montana ranks 33rd for mature call center operations. This operation has an

above-average income tax burden in large part because of the state's sourcing rules for services. But the most significant factor for this firm type is its high unemployment insurance (UI) tax burden.

- The state ranks 10th for new corporate headquarters and for new retail operations. Again, the lack of a sales tax is significant enough to offset the operation's above-average income tax burden and high UI taxes.
- Montana ranks 36th for new capital-intensive manufacturing, with a tax burden 17 percent above the national average. Except for sales taxes, this firm type bears one of the 10 heaviest tax burdens in the nation for all the other major tax categories: income, UI, and property.

## Montana

### Corporate income tax

Main tax rate	6.750%	<b>Apportionment</b>	<b>Property</b>	<b>Payroll</b>	<b>Sales</b>
Applies to income over	–	Standard factors	33.3%	33.3%	33.3%
Specific adjustments:		Optional alternative	n/a	n/a	n/a
- s.199 deduction allowed		Throwback applies to tangible property sales		Yes	
		Interstate services income apportionment		IPA	

### Sales and property tax

Metro areas examined		Sales tax	Property tax				
			Main rate <sup>a</sup>	Land	Buildings	Equipment	Inventory
Tier 1	Billings	–	1.742%	1.742%	1.921%	–	–
Tier 2	Missoula	–	1.923%	1.923%	2.046%	–	–
a. No sales tax exists in Montana							

### Other taxes

Unemployment insurance		State capital tax		Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
2.98%	\$26,300			Tier 1	n/a	n/a	n/a
				Tier 2	n/a	n/a	n/a

### Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	n/a							
Job creation	1% of new payroll x 3 years	✓	✓					
Withholdings	n/a							
R&D	Income re new R&D facilities is tax-exempt for 5 years						✓	
Property tax	50% abatement x 5 years + 5-year phase-in	✓	✓	✓	✓	✓	✓	

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

### Results

	Newly established operations							Mature operations							AVG	
	Tier 2 operations				Tier 1 operations			AVG	Tier 2 operations				Tier 1 operations			
	MC	ML	CC	DC	CO	RD	RT		MC	ML	CC	DC	CO	RD	RT	
TETR	13.4%	11.3%	30.1%	27.1%	11.5%	14.4%	25.4%		14.5%	10.3%	23.1%	27.5%	9.6%	13.7%	13.9%	
Index	117.4	96.2	120.8	75.0	71.1	97.9	78.0	93.8	113.8	88.7	109.9	89.7	61.3	106.1	82.4	93.1
Rank	36	24	35	14	10	22	10	23	32	24	33	20	3	31	10	20

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store